



Information Partners Can Use on:

THE EXTRA HELP FOR THE BASIC PREMIUM

New Medicare Prescription Drug Coverage

As of November 2005

This tip sheet explains how the extra help applies to Medicare drug plans with an enhanced alternative option. In plans with enhanced alternative benefit designs, the extra help pays for the basic portion, but not for any supplemental portion of the benefit. By law, Medicare isn't allowed to provide extra help for any supplemental benefits. Therefore, even people with Medicare who qualify for extra help will have to pay a portion of their plan premium if they join enhanced alternative plans.

Whether the extra help will pay for all or part of the basic premium of an enhanced alternative plan depends on a region's low-income premium subsidy amount. The extra help given for the basic premium is the lesser of the plan's premium and the regional low-income premium subsidy amount.

Example 1:

Enhanced alternative plan A in New York

NY regional low-income premium subsidy amount=\$29.83

Plan A basic premium=\$25

Plan A supplemental premium=\$10

Plan A total premium (basic premium + supplemental premium)=\$35

Medicare will pay the \$25 basic premium because it is less than the regional amount (\$29.83). A person with Medicare who qualifies for extra help and chooses to join Plan A will pay the \$10 supplemental premium each month.



Example 2:

Enhanced alternative plan B in New York

NY regional low-income premium subsidy amount=\$29.83

Plan B basic premium=\$35

Plan B supplemental premium=\$5

Plan B total premium (basic premium + supplemental premium)=\$40

Medicare will pay the \$29.83 regional amount since it is less than the plan's basic premium (\$35). A person with Medicare who qualifies for extra help and chooses to join Plan B will have to pay the difference between the plan's basic premium (\$35) and the regional amount (\$29.83). This person will also have to pay the \$5 supplemental premium. The person with Medicare will pay a total of \$10.17 each month (\$5.17 premium difference and \$5 supplemental amount) for Plan B.

Plans that offer an enhanced alternative option provide extra benefits beyond the basic benefit by doing one or a combination of the following:

- Covering drugs that aren't part of standard Medicare prescription drug coverage such as benzodiazepines; and/or
- Lowering the cost-sharing amounts by reducing or eliminating the deductible, reducing cost-sharing between the deductible (if any) and \$2,250 in total covered drug costs, increasing the initial coverage limit to above \$2,250 or eliminating the initial coverage limit, paying all or part of the costs after the initial coverage limit but before the person with Medicare has spent \$3,600 in true out-of-pocket costs, and/or reducing cost-sharing after the person with Medicare pays \$3,600 in true out-of-pocket costs.

Note: This tip sheet isn't a legal document. The official Medicare Program provisions are contained in the relevant laws, regulations, and rulings.